



Systems Review

Current Environment Assessment

Table of Contents

Objectives

High Level System Descriptions

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The objective of reviewing the current application systems is to document at a high level the functions that are part of those systems and to provide some background information to support the high level current environment for processes that support the Financial Partners Channel.

Three systems were reviewed: the Federal Family Education Loan (FFEL) system, the National Student Loan Data System (NSLDS), and the Postsecondary Education Participants System (PEPS).

Table of Contents

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High Level System Descriptions

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Federal Family Education Loan (FFEL)

The FFEL system was developed in the 1960's. There are four major components of FFEL: the Debt Management and Collections System (DMCS), the Guaranty Agency System, the Lender and School System, and the Support System.

Debt Management and Collection System - This is the largest component of FFEL. The DMCS provides a vehicle for the storage, retrieval, and editing of debtor information and uses this information to collect defaulted accounts. Information may be collected as part of the student loan application, processing, collection, and disposition of the account. Major subsystems of DMCS include:

- Accounting (ACC) - tracks the flow of dollars through the DMCS
- Administrative Wage Garnishment (AWG) - initiates and tracks the collection of past due student balances by means of garnishing wages of employees who have defaulted on student loans
- Billing (BIL) - automatically produces bills and associated reports for those borrowers in the repayment process for a given billing cycle
- Collection Agency Reporting (CAR) - provides ED with a management system for delinquent accounts
- Collections (COL) - provides ED with a means of inquiring into the current status of accounts and debts
- Credit Bureau Reporting (CBR) - selects delinquent accounts and refers the accounts to credit bureaus for credit reporting
- Data Manipulation - File Maintenance (FLM) - provides online access to ED for data manipulation
- Data Manipulation - Audit (AUD) - collects edits performed against the DMCS database
- Department of Justice (DOJ) - sends Claims Collection Litigation Reports to the DOJ
- Federal Defaulter (FDP) - initiates and tracks the collection of past due student balances by means of garnishing wages of federal government employees who have defaulted on student loans
- Federal Direct Student Loans (DIR) - receives data pertaining to defaulted Federal Direct Loans electronically from the servicer(s)
- Interactive Voice Response System (IVRS) - a component of the DMCS; It enables the Regional Collection Centers to be more responsive to borrowers who wish to repay their defaulted student loans
- IRS Skip Trace (SKP) - generates a file which is sent to the IRS to receive current address information
- Federal Treasury Offset (IRS) - identifies defaulting FFEL borrowers to the US Department of the Treasury with the ultimate objective of collecting past due accounts by means of refund offsets

High Level System Descriptions

Federal Family Education Loan (FFEL)

- Letters (LET) - automatically produces letters and associated reports for borrowers
- New Debts (NEW) - collects data pertaining to defaulted student loans from the Federal Claims Subsystem, the Perkins Loans Subsystem, State Guaranty Agencies, the Federal Direct Loan servicers, and the education institutions participating in SEOG and Pell Grant programs
- Pre-Claims/Skip Tracing/Mailing (PRE) - generates letters and maintains borrower address and status files for lenders attempting to bring borrowers back into payment status
- Rehabilitation (RHB) - tracks, notifies, and processes borrowers eligible for loan consolidation or rehabilitation
- Reporting and Control (MGT) - extracts payment, account, and debt information and generates reports for distribution to the regions of ED
- OnLine Help (HLP) - provides ED and collection agency users the ability to obtain information for either screen level and/or field level data elements
- Research (RES) - allows users to query an account's current status and view general loan history at the debt level and account level

Guaranty Agency System - The Guaranty Agency System processes the GA requests and provides quarterly reports of activity. Major subsystems of this component include:

- Guaranty Agency Funds (GAF) - processes the GA monthly Claims and Collections Report (1189)
- Guaranty Agency Quarterly Reporting (GAQ) - collects processes and reports on data collected on the ED Form 1130 submitted by a GA to ED

Lender and School System - The Lender and School system processes federal claims, and interest payments, and provides insurance billing and collection procedure for lenders. This system also maintains student and institution eligibility records. Major subsystems of this component include:

- Federal Claims and Loan Assignments (CLM) - supports the servicing activities related to loans in default on a Federal Insured Student Loan (FISL). Although the granting of new FISL loans was discontinued in June of 1984, many of these loans are still active and require servicing.
- Interest Payment (INT) - used to administer interest benefits and special allowances paid under statutory authority and regulatory criteria of ED

High Level System Descriptions

Federal Family Education Loan (FFEL)

- School and Lender (SAL) - enables the Student Financial Assistance Program (SFAP) to store, retrieve, and update the identification information and eligibility status of these institutions

Support and Maintenance System - The Support and Maintenance System comprises all the support and maintenance programs and activities. The system is also used to provide quality control, archiving of information, and management reports. Major subsystems of this component include:

- Production Scheduling Reports (PSR) - provides access to information concerning production jobs that have been run and production jobs that are scheduled to run
- Archive and Restore (ARC) - provides ED with a means of identifying and archiving closed accounts, as well as a facility to restore accounts previously archived
- Credit Reform (CRM) - executes mandates established by the Federal Credit Reform Act of 1990.
- Financial Information (FIS) - a comprehensive financial reporting system that comprises the Cullinet General Ledger System and custom software
- Funding (FND) - provides ED with several functions that maintain, track, and report on funding activity.
- Invoicing (INV) - collects billing information from both the FFEL system and manual input and provides ED and contractor management with reports that may be used to monitor billing expenses
- NSLDS Interface - supports weekly delivery to the National Student Loan Data System of data from the DMCS component on all loans that have been permanently assigned to ED and on lender information from the FFEL database
- Management Operations Report (MGT) - produces the following reports: Federal Insured Student Loans (FISL) "Paid Claims" and "Pending Claims", the National Direct Student Loan (NDSL) "Accepted Loans", and the Daily Progress Reports related to the Student Loan Processing Center (SLPC) activities
- Quality Control (QUA) - provides ED with information about the performance of the FFEL processing environment
- Subledger (SBL) - collects financial information at the document level and at the distribution level to provide a fully auditable set of financial data
- Utility (UTL) - supports the overall day-to-day system activities to provide report production and distribution across all subsystems
- Warehouse Inventory Reporting (WIR) - tracks the inventory of Government Furnished Materials (GFM) and the location of archived documents stored in ED's warehouse
- Warehouse Management Information (WHDMIS) - stores payment requests received from the following subsystems: Accounting, Federal Claims and Loan Assignments, Interest Payments, and Guaranty Agency Funds

High Level System Descriptions

Federal Family Education Loan (FFEL)

In addition to the overview of the major functions of the FFEL system, the following information documents costs related to the system.

Total Cost

Costs are taken from Fiscal Year 1999 invoices which are grouped into four schedules: Schedule A, B, C, and E. These schedules only contain costs attributable to the Financial Partners Channel. Even though the Debt Management and Collection System is in the FFEL system, the costs associated with maintaining that portion of the FFEL system are associated with the Schools Channel.

- Schedule A represents costs related to manual processing (ie.: opening mail, data entry, etc.) in Greenville. The costs for the Support and Maintenance System were allocated proportionally between the Guaranty Agency System (14%) and the Lender and School System (86%).
- Schedule B represents other direct costs related to hardware, software, and supplies. These costs were allocated proportionally between the Guaranty Agency System (14%) and the Lender and School System (86%).
- Schedule C represents costs for program development work by task order. Items that could not be identified as relating directly to the Guaranty Agency System or the Lender and Schools System were prorated based upon 14% and 86% respectively. As a note, these costs contain \$86,669 in Y2K related work.
- Schedule E represents labor costs for key personnel used to maintain the system.

	1999 Fiscal Year Total Cost	GA Portion	Lender Portion
Schedule A	\$9,386,850	\$1,314,378	\$8,072,472
Schedule B	\$147,967	\$20,715	\$127,252
Schedule C	\$931,280	\$199,749	\$731,531
Schedule E	\$1,696,526	\$525,024	\$1,171,502
Total Cost	\$12,162,623	\$2,059,866	\$10,102,757

High Level System Descriptions

National Student Loan Data System (NSLDS)

NSLDS is a national database of loan/grant level data awarded to students under Title IV. NSLDS was developed to provide a centralized and integrated view of Title IV loans and grants throughout all stages of their lifecycle from aid approval through disbursement, repayment, delinquency, and closure. The overall purpose of NSLDS is to support the Department of Education in a variety of operational and research functions aimed at improving the administration and delivery of student aid and the efficiency of the Title IV aid programs.

NSLDS is divided into three functional divisions referred to as business systems: System Support, Repository Build, and Reporting Capabilities.

Since the costs to maintain the NSLDS system are not the responsibility of the Financial Partners Channel, those costs are not included here.

High Level System Descriptions

Postsecondary Education Participants System (PEPS)

The Postsecondary Education Participants System (PEPS) currently collects and tracks data on school participation in the Title IV programs, including institutional eligibility, certification, program participation, program reviews, adverse actions, closed schools, and cohort default rate functions. This system supports institutional reviewers, acts as the primary data source for school information and their associated school codes (OPE ID) for all ED systems. This system contains participation information on approximately 12,000 postsecondary institutions, 28,000 lenders and 50 Guaranty Agencies. PEPS has recently replaced the Institutional Data System (IDS).

PEPS services include:

- Production of the Eligibility and Certification Approval Report (ECAR)
- Program Participation Agreement (PPA)
- Closed School Notices and Cumulative Listing
- Accrediting Agencies Report
- Press Package Reports on Institutions' Cohort Default Rates
- Notification Letters to the institutions on their Cohort Default Rates

PEPS includes the web-based Electronic Application (E-APP) that allows institutions with an OPE ID to submit an application for recertification and submit changes to their institution information. (Initial applications are not available on E-APP at this time).

PEPS interfaces with NSLDS, Loan Origination System (LOS) for the William D. Ford Federal Direct Loan Program, the Recipient Financial Management System (RFMS), and the Common Audit Resolution System.